

Application no. 09/559,320
Comment on Examiner's Statement of Reasons for Allowance

COMMENTS

On Page 2 of the Notice of Allowability, under "Response to Arguments", the Examiner refers to a "Response" filed November 14, 2004. It is noted that that the "Response" of November 14, 2004 constituted a transmittal letter and a Declaration under 37 CFR 1.132. It is believed that the "Response" to which the Examiner refers is the Amendment filed September 20, 2004.

On page 2 of the Notice of Allowability, the Examiner states that "McCabe et al discloses a first equity instrument which represents an ownership interest in a portfolio of stocks. The portfolio of stocks is a subset of a larger portfolio of stocks, which also has a corresponding second equity instrument representing an ownership interest in the larger portfolio of stocks. The weight of each stock in the smaller portfolio is substantially similar to its weight in the larger portfolio, divided by the combined weight of the smaller portfolio within the larger portfolio."

It is noted that the foregoing description, though reflective of a portion of what is disclosed in the present application, is not the claimed invention.

On pages 3 & 4 of the Notice of Allowability, the Examiner comments on what he regards as the three closest references.

On page 3, the Examiner comments on the Lau reference. The Examiner notes that "Lau describes a study that compares a first group of 60 stocks that are traded both on the NASDAQ and the CSE ("first group") with a second group of stocks that are traded only on NASDAQ. No members are in common between both groups/portfolios." (emphasis added).

It is first noted that since no members are common to both groups (i.e., they are disjoint sets), Lau cannot possibly disclose the claimed invention. It is further noted that Lau never suggests forming a portfolio of any kind; Lau only compares certain statistics about two groupings of stocks. Finally, as the Examiner noted, Lau does not disclose forming a "first

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financial instrument $N > M$, with the M ¹ different securities being a subset of the N different securities”.

Also on page 3, the Examiner comments on Lau and on the O'Shaughnessy references and states that neither reference “either separately, or in combination teach financial instruments that are traded on the securities market were (sic) the financial instrument represents ownership interest in a portfolio of different stocks”.

The Examiner is reminded that the prior art includes financial instruments representing an ownership interest in a portfolio of stocks. A share of a mutual fund, or an ETF, is an example of this. The prior art also includes financial instruments representing an ownership interest in a first portfolio of stocks whose members are a subset of the stocks belonging to a second portfolio that has a corresponding second financial instrument. A share of a sector SPDR is an example of this. The present invention defines over these prior art financial instruments, Lau, O'Shaughnessy and other references, in any combination, for reasons set forth in earlier amendments.

On page 4, the Examiner states that “Ferstenberg teaches or suggests a portfolio comprising the NASDAQ-only portion of the S&P 500, but fails to teach a financial instrument representing an ownership interest in its portfolio.” The Examiner is mistaken as to the teachings of Ferstenberg. Nowhere does Ferstenberg teach forming a portfolio comprising the NASDAQ-only component of the S&P 500. The only time Ferstenberg refers to the NASDAQ at all is in the Background section, when describing this market.

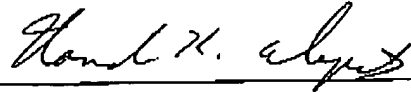
No fee is believed to be due for the present submission. Should any such fee be required, the Director is authorized to charge any such fee to Womble Carlyle's Deposit Account No. 09-0528.

¹ In the Statement of Reasons, in describing the shortcomings of Lau, the Examiner appears to have inadvertently omitted the underlined language “, with the M ”.

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Respectfully Submitted,

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